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April 23, 2015

Mr. Tom Stolle
Chief, Brownfields and Land Revitalization Branch
US EPA, Region 3
1650 Arch Street, Mail Code 3HS51
Philadelphia, PA 19103

Ms. Lisa Ruhl
U.S. Environmental Protection Agency
Office of Brownfields and Land Revitalization
Via ruhl.lisa@epa.gov

**Re: Application for \$500,000 Supplemental Funding for existing
City of Allentown Brownfields Revolving Loan Fund (BRLF)**

Dear Mr. Stolle and Ms. Ruhl,

In response to the Federal Register Notice March 24, 2015, the City of Allentown is requesting \$500,000 in supplemental funding for our previously awarded BRLF grant (BF-98397501-07) for the cleanup of hazardous substances at brownfield sites within City boundaries.

Since the original program award in 2003, the City of Allentown has made considerable progress in the cleanup of several contaminated sites, but due to the number of targeted brownfield projects, the BRLF dollars have been fully expended. There is no unallocated funding in the previously awarded BRLF. The supplemental funding requested would enable the City to continue the environmental remediation of the Allentown Metal Works site.

This site is the centerpiece of a re-industrialization study funded by a HUD grant. The study was completed in October 2014 and is serving as the guiding document for efforts made by the City to create jobs and redevelop urban locations. The 100-year old site was continuously owned by manufacturing companies until its last occupant, Allentown Metal Works (AMW), closed in January of 2011. AMW employed



about 130 workers at its peak. The vacant site was purchased in April 2013 by the Allentown Commercial and Industrial Development Authority (ACIDA).

In partnership with ACIDA, Allentown Economic Development Corporation (AEDC), Lehigh Valley Economic Development Corporation (LVEDC), Lehigh County, and the Redevelopment Authority of the City of Allentown, the BRLF was used to support development efforts of owners and developers resulting in the remediation of environmental contamination and the re-use of some of our most prominent brownfield sites. These efforts directly contributed to improving public health, creating job opportunities for people in low income areas, and developing sustainable infrastructure in the City of Allentown.

Following is a summary of each consideration required by EPA:

1. ***The RLF grantee must have at least one loan or subgrant AND have significantly depleted existing available loan and/or subgrant funds. The Agency will not favorably consider supplemental funding applications from grantees with high uncommitted balances:***

The City of Allentown, as the RLF grantee, expended its existing BRLF as follows:

ALLENTOWN BRLF FUNDED PROJECTS		
Project Name	BRLF Amount to Date	Estimated Total Project Costs
Coca Cola Baseball Stadium	\$ 77,000.00	\$ 77,000.00
716-718 Linden St.	\$ 61,853.00	\$ 61,853.00
Calo Building	\$ 200,000.00	\$ 406,520.00
Neuweiler	\$ 568,709.28	\$ 568,709.28
AMW	\$ 354,226.00	\$ 1,021,864.63
Administrative & Other	\$ 381,727.72	\$ 381,727.72
TOTALS:	\$ 1,643,516.00	\$ 2,517,674.63

Total Initial BRLF:	\$ 1,643,516.00
Balance:	\$ -

All projects except for Neuweiler were grant-funded. AMW and Neuweiler remain the only ongoing projects as of April 2015. All other projects have been completed.

2. ***The RLF grantee must demonstrate a need for supplemental funding AND demonstrate the ability to make loans/subgrants for cleanups that can be started and completed expeditiously. This can be demonstrated by identifying specific, imminent projects that can benefit from supplemental funding:***

The City of Allentown expended current BRLF funds on the final \$354,226 subgrant to begin completion of The Removal and Disposal of Waste and Materials at the Former Allentown Metal Works (AMW). AEDC, the City's subgrantee, will also invest \$167,638.63 to complete the \$521,864.63 of presently contracted work, but the total remediation of the AMW site is estimated to cost \$1,021,864.63.

The requested \$500,000 of supplemental BRLF funding will be used immediately to complete the hazardous substance remediation of Allentown Metal Works, which neither the City nor AEDC have the resources to finance.

Supplemental BRLF funding is necessary to complete the removal and disposal of Universal Waste, the abatement of lead-based paint/ asbestos-containing materials, and/or selective building demolition to make the 260,000 SF facility marketable for industrial redevelopment and to remove the public health threat of asbestos and lead contamination. AEDC will make the final determination for the specific use of the supplemental funds after the City of Allentown receives final approval from the PA Historical Museum Commission (PHMC) for the demolition of select buildings.

Although funding was not previously available to begin the removal and disposal of Universal Waste, the abatement of lead-based paint and asbestos-containing materials, and selective building demolition, all of these phases were included in the scope of work that was publicly bid per EPA guidelines in November 2014. The City of Allentown and AEDC will not have to publicly bid for another contractor, as the current contractor has agreed to complete additional work funded by the supplemental BRLF in accordance with their submitted bid form as a change order to the existing, awarded contract. The contractor estimates that additional work will be completed in three months—after additional funding is received.

3. *Demonstrated ability to administer and “revolve” the RLF grant, and administer subgrant(s) and/or loan(s):*

The goals of Allentown's BRLF are as follows:

- I) Incorporate the BRLF into the list of financial incentives for brownfield redevelopment;
- II) Provide access to low interest loans to eligible parties in order to remediate brownfield sites in Allentown;
- III) Develop a self-sustaining revolving loan fund program to provide funding for brownfield cleanup projects;
- IV) Address environmental justice issues by focusing lending activities in areas where brownfields contribute to decline.

Allentown has been extremely successful in meeting goals I and IV as the BRLF has been integrated and marketed with other incentives and financing programs to make financing available to developers.

Allentown's BRLF Manager actively marketed the BRLF to private developers within the City, Region, State and at the national level by attending conferences and other events. The City worked with HDR, an environmental consulting firm, to provide consulting/technical assistance to developers and property owners to help facilitate the cleanup process and make sure there is compliance with DEP and EPA requirements at all times.

Reports are submitted to EPA on time, regarding the usage of the BRLF dollars and appropriate approval has been obtained for any type of re-allocation necessary to meet the program objectives.

4. *Demonstrated ability to use the RLF grant to address funding gaps for clean up. Those requestors that cannot demonstrate existing leveraged resources dedicated to proposed projects will not be evaluated favorably:*

Working to assist development projects, Allentown employed the BRLF in the following successful subgrants and loan:

- a) \$77,000 subgrant to Lehigh County for the purchase of environmental insurance for the Iron Pigs Coca-Cola Park Stadium Project. This is the first sub-grant used for environmental insurance in Region III and the second one in the country. The insurance enabled Lehigh County to reduce the risk of unforeseen environmental issues in the cleanup of the property that would increase the cost of remediation and overall redevelopment of this project. \$50 million of investment occurred post-EPA participation to redevelop the site. This site is now an active minor league baseball stadium for the Triple AAA affiliate of the Philadelphia Phillies, the Lehigh Valley Iron Pigs.
- b) \$61,853 subgrant to the Allentown Redevelopment Authority for the remediation of 716-718 Linden Street. This property was located in the heart of downtown and surrounded by residential and commercial areas. Identified public health threats including asbestos and lead were remediated through demolition of the existing structure. This site has been redeveloped into part of the 1.2 million square feet known as the PPL Center, a mixed-use complex that includes entertainment, office, retail use, a sports medicine center, and the home of the Lehigh Valley Phantoms - the American Hockey League affiliate of the Philadelphia Flyers.
- c) \$200,000 subgrant to ACIDA/AEDC for the remediation of the former Calo Building portion of the Allentown Waterfront. Since initial remediation estimates

totaled approximately \$900,000, AEDC, as agent to ACIDA, also received a \$200,000 subgrant and \$280,000 loan from Lehigh County, and an additional \$275,000 loan from the City of Allentown BRLF. However, the remediation only cost \$406,520.00 upon completion, so the City returned the loan funds to the BRLF for use in the remediation of the former Neuweiler Brewery. The demolition of the Calo Building resolved issues of oil-contaminated water and asbestos and lead contamination and will allow ACIDA/AEDC to market the site for development as a key parcel of the overall redevelopment plan for the area.

- d) \$568,709.28 loan to ACIDA/AEDC for the remediation of 401-451 North Front Street, an abandoned beer brewery (Neuweiler Brewery) that contains six contiguous brick buildings and one separate brick building (bottling plant). Remediation included friable asbestos, containerized waste, and solid waste. The Site has been purchased by a private developer, Ruckus Brewing, who has plans to convert the site to a mixed-use bottling, and manufacturing facility. The loan will be paid back to the RLF when this development occurs. Currently, Ruckus is raising approximately \$6 million of private investment for the first phase of the project. This project, when completed, will serve as a job creator in a low income area.
- e) \$354,226 subgrant to ACIDA/AEDC for the cleanup of the former Allentown Metal Works on 606 S. 10th Street in Allentown, PA. The former AMW manufacturing site was built circa 1902 to manufacture large, fabricated components for the cement industry, and changed manufacturing use several times. The total environmental remediation cost for this site is estimated to be \$1,021,864.63 based on the publicly-bid contract and, so far, includes removing and disposing of hazardous, non-hazardous, and universal waste, drums and containers, oil and oil-contaminated water in pits and sumps, PCB-containing transformers, ASTs and USTs, and contaminated surface soils. AEDC has committed \$167,638.63 of its own money to bridge the funding gap and finish the initial \$521,864.63 cleanup.

5. ***Community benefit, including job retention/creation, from past and potential loan(s) and/or subgrant(s):***

Completion of the remaining environmental, health, and safety hazard mitigation at AMW will remove public threats to adjacent residential areas and restore the property to a marketable site for industrial redevelopment and productive use. The Re-Industrialization Study estimates that returning the historically industrial site to productive use has the potential to create up to 400 manufacturing jobs in a low-income area with a poverty rate greater than 40%. The study also calculated that AMW's redevelopment will generate up to \$21,000,000 in annual wages, up to \$70,000,000 in annual sales, and up to \$83,000 in City taxes upon full build out.

Previous use of the BRLF for the projects has enabled successful redevelopment and subsequent community benefit in other key areas of the City of Allentown. The Iron Pigs Coca-Cola Park Stadium, for which the BRLF funded environmental insurance, has averaged over 9,000 fans per game for the sixth consecutive season. The Iron Pigs persist as the only Minor League franchise to surpass 600,000 fans annually and remain Minor League Baseball's attendance leader, attracting 614,888 fans to Coca-Cola Park during the 2014 season.

The BRLF-financed demolition of 716-718 Linden Street led to the development of the mixed-use PPL Center project, which generated nearly \$1 billion in private development to nearby properties and initiated a renaissance of center city Allentown. The PPL Center was nominated as Best New Major Concert Venue by Pollstar, a global concert tour industry trade publication and crowds of over 8,000 fans have attended the Lehigh Valley Phantoms home hockey games eight times in the franchise's first year in its new location.

Both the former Calo Building and former Neuweiler Brewery are located within the Lehigh River Waterfront Redevelopment District, an approximately 120-acre study area of (mostly-underutilized) industrial buildings, parks, and residential areas targeted for revitalization. Remediating and demolishing the former Calo Building no longer diminishes the aesthetic or commercial value of nearby real estate and will generate new economic activity and tax revenue for the city. The existing BRLF loan for the asbestos abatement and waste disposal at Neuweiler will reduce health and environmental hazards from another impoverished, highly residential area of Allentown, and will create more manufacturing jobs.

6. *Special Considerations may be provided to grantees that can demonstrate the following:*

- i. *Firm leveraging commitments exist to facilitate project completion evidenced by attached letters or other documentation from sources indicating additional funds/resources are committed to the proposed project. Special Consideration will also be given to those demonstrating leveraged commitments that include the use of tax incentives such as new market tax credits, to advance the project to completion:*

The City of Allentown and ACIDA/AEDC are committed to complete the AMW project as soon as BRLF funds are awarded. As evidenced by the attached Reimbursement Request from March 27, 2015, some of the work in the initial \$521,864.63 of the project has already been funded by AEDC, and \$354,226 of project costs will eventually be reimbursed to AEDC from Allentown BRLF funds. Applicable invoices are attached to the e-mail and printed copies can be provided upon request. AEDC's Development Capital will cover remediation costs greater than \$354,226, for which an estimate is included in

the Reimbursement Request. Please note that three additional change orders for work outside the initial project award, but within the public bids, were implemented after March 27, 2015 and increased the estimated project costs of the currently contracted work to \$521,864.632.

In December of 2013, the Allentown Metal Works site was designated by the Pennsylvania Department of Community and Economic Development as a Keystone Opportunity Zone (KOZ). Having been designated as a KOZ, Allentown Metal Works enables future business owners to waive key state and local taxes including: corporate net income tax, personal income tax, and sales/use tax. The AMW site is also located in Allentown's Keystone Communities Enterprise Zone (EZ), which provides opportunities for future business owners of manufacturing companies to apply for funding from the Enterprise Zone Revolving Loan Fund.

- ii. *Actions are already undertaken to obtain necessary approvals before proposed project(s) can move forward:*

The entire AMW project, including the ongoing \$521,864.63 cleanup and the additional work for which the city is requesting supplemental funding, has already been publicly bid. The same contractor will complete the supplemental work in accordance with the pricing proposed in their bid, and will include it in their ongoing contract as a change order. The City of Allentown and AEDC have obtained all approvals with exception of PHMC approval to demolish non-essential structures. The City has submitted all materials and expects to receive the final approval in a few weeks.

- iii. *Proposed project(s) are in communities affected by plant closures or other significant economic disruptions:*

The proposed project site was an active manufacturing plant that employed 130 people at full operational capacity. The closure of the site in 2011 resulted in significant job loss in the heart of the City of Allentown—primarily in areas considered low income.

- v. *Proposed project(s) have a clear prospect of aiding the in-sourcing of manufacturing capacity and keeping and/or adding jobs, or otherwise creating jobs, in the affected area:*

In 2014, a Re-Industrialization Strategy completed by Camoin and Associates, indicates that Allentown is a manufacturing city within a manufacturing region. There is currently a low (4%) vacancy rate for industrial space in Lehigh and Northampton Counties. In fact, AEDC been

discussing the purchase of the property with a prospective manufacturing end user. Manufacturing growth is expected to continue to develop as the United States economy continues to rebound from the Great Recession and as re-shoring remains a steady economic trend. The Re-Industrialization Strategy identified twenty-four environmental concern sites, and 11 potential redevelopment sites to ignite the reindustrialization of Allentown's urban corridor. Allentown Metal Works, the identified site for use of \$500,000 supplemental BRLF dollars and potential source of up to 400 new manufacturing jobs, is the largest site in the study and is considered the catalyst for urban reindustrialization in the City of Allentown.

Sincerely,

A handwritten signature in cursive script, reading "Sara Hailstone". The signature is written in dark ink and is positioned above the printed name and title.

Sara Hailstone
Director
Department of Community and
Economic Development

cc: Mike Taurino, EPA